

1ST QUARTER REPORT



INVESTING FOR THE FUTURE
BASIN ELECTRIC POWER COOPERATIVE

Basin Electric Power Cooperative (Basin Electric) was incorporated under the laws of the State of North Dakota in 1961 as a not-for-profit generation and transmission (G&T) cooperative corporation. We are headquartered in Bismarck, North Dakota, and are principally engaged in the business of providing wholesale electric services to our member cooperatives (members). These electric services generally represent the capacity and energy requirements of our members beyond what is available to our members from other sources, primarily the Western Area Power Administration, an agency of the United States Department of Energy, that provides hydroelectric power on a preferential basis to our members. We serve our members' power requirements pursuant to long-term wholesale power contracts. Through our members, we provide electric service to approximately 3 million member-owners in the states of Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, and Wyoming.

We employ an all-of-the-above energy strategy to supply our members' power requirements. Basin Electric's portfolio of power supply resources includes owned generation, long-term power purchase contracts, short-term, and spot market energy purchases. Our generating resources are fueled by a mix of natural gas, coal, wind, solar, hydro, and fuel oil.

We participate in the following energy markets: Midcontinent Independent System Operator (MISO) and the Southwest Power Pool (SPP) in the Eastern Interconnection. In the Western Interconnection, our load and assets participate in energy imbalance markets of SPP's Western Energy Imbalance Service market and California Independent System Operator's Western Energy Imbalance Market through various transmission providers.

We are owned entirely by our members, who are the primary purchasers of the power we sell. Basin Electric has 140 members comprised of four membership classifications.

In general, a cooperative is a business organization owned by its members, that are also either the cooperative's wholesale or retail customers. Cooperatives are organized to give their members the opportunity to satisfy their collective needs in a particular area of business more effectively than if the members acted independently. As not-for-profit organizations, cooperatives are intended to provide services to their members on a cost-effective basis, in part by eliminating the need to produce a return on equity in excess of required margins. Margins earned by a cooperative that are not distributed to its members constitute patronage capital, a cooperative's principal source of equity. Patronage capital is held on behalf of the members without interest and returned when the board of directors of the cooperative deems it appropriate to do so.

Basin Electric has three wholly owned, for-profit subsidiaries: Dakota Gasification Company, Dakota Coal Company, and Nemadji River Generation LLC. Dakota Gas converts lignite coal into pipeline-quality synthetic natural gas, carbon dioxide, anhydrous ammonia, urea, diesel exhaust fluid, and a variety of other products. Dakota Coal provides coal for our Antelope Valley Station, Leland Olds Station, and Great Plains Synfuels Plant. Nemadji River Generation is the owner of a 30% undivided interest in the Nemadji Trail Energy Center project. The Nemadji Trail project is a proposed 600-megawatt (MW), natural gas-fueled combined-cycle electric generation facility in Superior, Wisconsin.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operations of Basin Electric and its wholly owned subsidiaries, and Coteau and Dakota Carbon Services LLC as of and for the three-month periods ended March 31, 2024 and 2023. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Basin Electric Power Cooperative's 2023 Annual Report.



TODD T. BRICKHOUSE
Chief Executive Officer and
General Manager



CHRISTOPHER A. JOHNSON
Vice President and
Chief Financial Officer

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

as of March 31, (dollars in thousands)

	2024	2023
Assets		
Utility plant:		
Electric plant in service	\$ 7,527,201	\$ 7,481,036
Construction work in progress	660,259	169,219
Total electric plant	8,187,460	7,650,255
Less: accumulated provision for depreciation and amortization	(3,343,672)	(3,161,435)
	4,843,788	4,488,820
Nonutility property:		
Property, plant and equipment	1,641,122	1,552,097
Construction work in progress	44,727	64,150
Total nonutility property	1,685,849	1,616,247
Less: accumulated provision for depreciation and depletion	(682,503)	(630,627)
	1,003,346	985,620
Other property, investments and deferred charges:		
Mine related assets	142,270	124,902
Investments in associated companies	34,009	33,405
Restricted and designated investments	48,896	41,412
Other investments	255,723	307,869
Special funds	71,324	70,758
Regulatory assets	286,242	344,498
Other deferred charges	133,100	144,079
	971,564	1,066,923
Current assets:		
Cash and cash equivalents	378,679	345,921
Restricted and designated cash and equivalents	369,827	443,676
Short-term investments	377,517	401,160
Customer accounts receivable	193,165	202,230
Other receivables	92,772	95,378
Fuel stock, materials and supplies	316,113	263,799
Prepayments and other current assets	129,469	159,207
	1,857,542	1,911,371
	\$ 8,676,240	\$ 8,452,734
Capitalization and Liabilities		
Capitalization:		
Equity:		
Memberships	\$ 22	\$ 22
Patronage capital	1,412,787	1,330,314
Retained earnings of subsidiaries	128,497	127,532
Other equity	285,113	286,417
Accumulated other comprehensive income (loss)	(2,446)	7,227
	1,823,973	1,751,512
Long-term debt, net of current portion	4,621,770	4,388,962
Finance lease obligations, net of current portion	4,693	3,438
	6,450,436	6,143,912
Noncontrolling interest	161,137	2,563
Regulatory liabilities	400,980	544,072
Other deferred credits, taxes and other liabilities	575,645	595,419
	976,625	1,139,491
Current liabilities:		
Current portion of long-term debt	185,730	77,095
Current portion of finance lease obligations	904	444
Accounts payable	321,399	247,698
Notes payable – affiliates	245,924	287,130
Notes payable	125,000	214,228
Taxes and other current liabilities	209,085	340,173
	1,088,042	1,166,768
	\$ 8,676,240	\$ 8,452,734

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

for the three months ended March 31, (dollars in thousands)

	2024	2023
Utility operations:		
Operating revenue:		
Sales of electricity for resale	\$ 601,233	\$ 563,702
Other electric revenue	1,986	2,085
Total utility operating revenue	<u>603,219</u>	<u>565,787</u>
Operating expenses:		
Production expense	40,726	38,452
Fuel expense	89,070	102,413
Other power supply	223,609	189,704
Transmission operations	9,310	8,636
Transmission wheeling	37,510	38,642
Rent expense	2,500	2,500
Administration	30,872	28,248
Maintenance	44,898	33,323
Depreciation & amortization	51,151	51,234
Taxes other than income	1,157	1,030
Total utility operating expenses	<u>530,803</u>	<u>494,182</u>
Interest and other charges:		
Interest on long-term debt	47,204	48,382
Interest on short-term debt	5,559	5,190
Other	3,403	2,882
Total interest and other charges	<u>56,166</u>	<u>56,454</u>
Operating margin	<u>16,250</u>	<u>15,151</u>
Nonoperating margin:		
Interest and other income	18,789	17,266
Patronage allocations from other coops	2,902	3,051
Total nonoperating margin	<u>21,691</u>	<u>20,317</u>
Utility margin before income taxes	<u>37,941</u>	<u>35,468</u>
Nonutility operations:		
Operating revenue:		
Synthetic natural gas	26,312	55,784
Byproducts, coproduct and other	57,602	61,729
Lignite coal	34,145	38,939
Total nonutility operating revenue	<u>118,059</u>	<u>156,452</u>
Operating expenses:		
Other operating expenses (includes \$11,850 and \$6,186 of net income attributable to noncontrolling interest)	172,919	147,740
Operating income (loss)	(54,860)	8,712
Interest and other income		
	29,803	7,602
Nonutility income (loss) before income taxes	(25,057)	16,314
Margin and earnings before income taxes	12,884	51,782
Income tax expense (benefit)	(7,156)	3,034
Net margin and earnings	<u>\$ 20,040</u>	<u>\$ 48,748</u>

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

for the three months ended March 31, (dollars in thousands)

	2024	2023
Operating activities:		
Net margin and earnings	\$ 20,040	\$ 48,748
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	66,333	64,732
Deferred income taxes	(14,064)	2,769
Changes in regulatory assets and liabilities	(18,456)	1,544
Unrealized gain on investments	(5,259)	(3,922)
Patronage capital allocated	(4,061)	(4,300)
Other amortization and accretion	9,225	6,535
Allocation of tax credits	(20,780)	-
Income attributable to noncontrolling interest	11,850	6,186
Changes in other operating elements:		
Customer accounts receivable	(4,588)	15,934
Other receivables	(1,688)	12,658
Fuel stock, materials and supplies	(20,643)	(20,016)
Prepayments and other current assets	(19,997)	(12,065)
Accounts payable	(1,704)	30,390
Taxes and other current liabilities	236,052	6,444
Changes in collateral	9,933	(27,400)
Other operating activities, net	2,908	9,229
Net cash provided by operating activities	<u>245,101</u>	<u>137,466</u>
Investing activities:		
Acquisition of electric plant	(137,462)	(87,552)
Acquisition of nonutility property	(24,973)	(5,272)
Proceeds from sales of property	364	447
Purchase of investments	(300,776)	(218,396)
Sale of investments	324,441	512,936
Sale of other assets and payments received on notes receivable	373	7,376
Purchase of other assets and issuance of notes receivable	(2,012)	(9,732)
Net cash provided by (used in) investing activities	<u>(140,045)</u>	<u>199,807</u>
Financing activities:		
Proceeds of long-term debt	370,000	-
Principal payments of long-term debt	(38,220)	(17,136)
Payment of debt issue costs	(2,314)	491
Proceeds of notes payable — affiliates	590,450	583,853
Payments of notes payable — affiliates	(581,947)	(548,863)
Proceeds of notes payable	119,438	129,713
Payments of notes payable	(269,177)	(189,539)
Payments under finance lease obligations	(986)	(36)
Dividends paid to noncontrolling interest	(4,987)	(8,628)
Net cash provided by (used in) financing activities	<u>182,257</u>	<u>(50,145)</u>
Net increase in cash and cash equivalents and restricted and designated cash and equivalents	287,313	287,128
Cash and cash equivalents and restricted and designated cash and equivalents, beginning of period	461,193	502,469
Cash and cash equivalents and restricted and designated cash and equivalents, end of period	<u>\$ 748,506</u>	<u>\$ 789,597</u>

For the three months ended March 31, 2024 compared to three months ended March 31, 2023

RESULTS OF UTILITY OPERATIONS

Our operating revenue is derived from electricity sales to our members and to non-members (including Dakota Gas). Our electricity sales revenue from and energy sold by us, measured in megawatt-hours (MWh), to our members and to non-members are as follows:

ELECTRICITY REVENUE

(in millions)	2024	2023	% change
Sales of electricity to members	\$ 506.4	\$ 468.5	8.1%
Sales of electricity to non-members	74.8	95.2	(21.4%)
(Deferral) amortization of non-member revenue	20.0	-	
Non-member revenue, net	94.8	95.2	0.4%
Total electricity revenue	\$ 601.2	\$ 563.7	6.7%

ELECTRIC ENERGY SALES

(in thousand MWh)	2024	2023	% change
Members	8,680	8,168	6.3%
Others	1,485	1,733	(14.3%)
Total electric energy sales	10,165	9,901	2.7%
Peak billing demand (in MW)	5,130	4,512	13.7%

ELECTRICITY REVENUE

- Sales of electricity to members increased by \$37.9 million.
 - Energy sold to our members increased by 512,000 MWh, or 6.3%. Demand volumes were also higher.
- Sales of electricity to non-members (before the impact of deferred revenue amortization) decreased by \$20.4 million. Previously deferred non-member electricity sales revenue in the amount of \$20.0 million was recognized in 2024.
 - Energy sold to non-members decreased 248,000 MWh, or 14.3%. The average sales price decreased from \$54.93 in 2023 to \$50.37 per MWh in 2024.

UTILITY OPERATING EXPENSES

(in millions)	2024	2023	% change
Production expense	\$ 40.7	\$ 38.5	5.7%
Fuel expense	89.1	102.4	(13.0%)
Other power supply	223.5	189.7	17.8%
Transmission operations	9.3	8.6	8.1%
Transmission wheeling	37.5	38.7	(3.1%)
Rent expense	2.5	2.5	-
Administration	30.9	28.3	9.2%
Maintenance	44.9	33.3	34.8%
Depreciation & amortization	51.2	51.2	-
Taxes other than income	1.2	1.0	20.0%
Total operating expenses	\$ 530.8	\$ 494.2	7.4%

UTILITY OPERATING EXPENSES

- Utility operating expenses increased by \$36.6 million.
 - Other power supply was \$33.8 million higher largely as a result of higher purchased power related expenses.
 - Fuel expense was \$13.3 million lower due to lower natural gas prices.
 - Maintenance expense increased \$11.6 million largely due to planned maintenance work.

RESULTS OF NONUTILITY OPERATIONS

Nonutility operating revenue is mainly derived from: (i) the sale of synthetic natural gas, carbon dioxide (CO₂), anhydrous ammonia, urea, diesel exhaust fluid and various other products produced by Dakota Gas, and (ii) the sale by Dakota Coal of lignite coal for use at Basin's generating facilities and for coal gasification at Dakota Gas.

NONUTILITY OPERATING REVENUE

(in millions)	2024	2023	% change
Synthetic natural gas	\$ 26.3	\$ 55.8	(52.9%)
Byproduct, coproduct and other	57.6	61.7	(6.6%)
Lignite coal	34.2	39.0	(12.3%)
Total nonutility operating revenue	\$ 118.1	\$ 156.5	(24.5%)
Synthetic gas sold (dekatherms in millions)	9.9	9.9	-
Fertilizer products sold (tons in thousands)	69.9	57.0	22.6%
Coal sales (tons in millions) ⁽¹⁾	1.9	2.1	(9.5%)

(1) Does not include tons sold to Dakota Gas as affiliate revenue is eliminated in the Consolidated Statement of Operations.

NONUTILITY OPERATING REVENUE

- Nonutility operating revenue decreased \$38.4 million.
 - Decreased synthetic natural gas revenue of \$29.5 million as a result of lower natural gas prices in 2024. Realized prices (including natural gas hedge settlements) in 2024 of \$2.65 per dekatherm were \$3.29 per dekatherm lower than in 2023.
 - Decreased tar oil sales revenue of \$5.6 million mainly due to lower volumes sold.
 - Decreased fertilizer sales revenue of \$1.0 million; higher volumes sold were more than offset by lower prices.
 - Increased revenue of \$8.1 million from sales and sequestration of CO₂.
 - Increased diesel exhaust fluid sales revenue of \$5.2 million due to higher volumes sold at lower prices.
 - Lignite coal sales revenue decreased \$4.8 million due to lower volumes sold in 2024.

NONUTILITY OPERATING EXPENSES

- Nonutility operating expenses increased by \$25.2 million or 17.0%.
 - Increased utility expenses at Dakota Gas related to more electricity purchased at a higher price.
 - Higher contracted expenses at Dakota Gas related to CO₂ sequestration activities and planned maintenance work.

NONUTILITY INTEREST AND OTHER INCOME

- The increase in nonutility interest and other income is associated with the monetization of tax credits related to the capture and sequestration of CO₂ through Dakota Gas' investment in Dakota Carbon Services LLC.



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